

## Message Text

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ACTION EA-12

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INFO AMEMBASSY TAIPEI  
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AMCONSUL HONG KONG  
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CINCPAC FOR POLAD

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E.O. 11652: XGDS-2  
TAGS:, CH TW US SOPH

SUBJ: "REFERERNCE NEWS" COVERAGE OF TAIWAN

REF: (A) PEKING 183; (B) PEKING 156

1. SUMMARY. TWO ISSUES IN A RECENTLY OBTAINED COLLECTION OF EARLY JANUARY ISSUES OF THE PRC'S RESTRICTED PRESS DIGEST, "REFERENCE NEWS", CONTAINED SEVERAL DETAILED ARTICLES ABOUT TAIWAN'S POLITICAL, ECONOMIC AND SOCIAL LIFE. WHILE ONE OF THE ARTICLES DETAILED AND GLORIFIED TAIWAN'S ECONOMIC MIRACLE, THE MESSAGE IS CLEAR: POST NORMALIZATION CAPITAL FLIGHT AND POLITICAL INSTABILITY ARE ON EVERYONE'S MIND. END SUMMARY.

2. USLO RECENTLY OBTAINED ELEVEN LATE DECEMBER AND  
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EARLY JANUARY ISSUES OF THE PRC'S RESTRICTED FOREIGN PRESS DIGEST, "REFERENCE NEWS" (TS'AN-KAO HSIAO-HSI) (REFTELS). THE JANUARY 12 AND 14 ISSUES BOTH CONTAINED DETAILED ARTICLES ABOUT THE SOCIAL, POLITICAL AND ECONOMIC SITUATION ON TAIWAN.

2. THE MOST INFORMATIVE OF THESE ARTICLES IS THE

REPLAY OF EXCERPTS FROM AN ARTICLE IN THE AUGUST 22, 1977 ISSUE OF TIME MAGAZINE: "TAIWAN: STRUGGLE FOR SURVIVAL". THE ARTICLE COVERED MOST OF THE LAST PAGE OF THE ISSUE AND DETAILED THE SITUATION ON TAIWAN PRIOR TO SECRETARY VANCE'S LATE AUGUST VISIT TO PEKING. TAIWAN IS DEPICTED AS ECONOMICALLY ADVANCED (22ND LARGEST TRADING NATION IN THE WORLD) AND PROSPEROUS (MOTORCYCLES, A "FORREST" OF TV ANTENNAS) DESPITE GROWING DIPLOMATIC ISOLATION. ECONOMIC SUCCESS HAS EARNED THE "LOYALTY" OF THE PEOPLE, AND EVEN CHIANG CHING-KUO RECEIVES RESPECT FOR ELIMINATING THE HATRED BETWEEN THE TAIWANESE AND THE MAINLANDERS. HOWEVER, LIFE IS FAR FROM RELAXED AND POLITICAL PROBLEMS EXIST. THERE ARE STILL "SEVERAL HUNDRED" POLITICAL PRISONERS AND THAT LESSON IS NOT LOST ON THOSE WHO ADVOCATE TALKS WITH PEKING OR RELATIONS WITH THE SOVIET UNION, THE ARTICLE NOTED.

3. THE ARTICLE underscored the important role that economic strength will have for the island's future. However, people are nervous in Taipei (in August) on the eve of Secretary Vance's trip to Peking. Visa applications at the US Consulate in Taipei are up and even some experts believe that when normalization comes, morale will collapse from almost total

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ISOLATION AND THE ECONOMY WILL BE HURT BY CAPITAL FLIGHT.

4. THE JANUARY 12 ISSUE ALSO CARRIED TWO OTHER ARTICLES FROM TAIWAN NEWSPAPERS: EXCERPTS FROM A DECEMBER 18 "UNITED DAILY NEWS" ARTICLE ON GEOTHERMAL ENERGY POTENTIAL ON TAIWAN AND A DECEMBER 23 ARTICLE FROM THE "CENTRAL DAILY NEWS" ENTITLED "INCREASE EFFORTS TO NIP IN THE BUD AND PUNISH SMUGGLING". THE LATTER ARTICLE WARNED THAT THE PRC IS USING ILLICIT TRADE VIA HONG KONG AND MACAO TO INFILTRATE TAIWAN.

5. THE JANUARY 14 ISSUE ALSO REPLAYED SEVERAL ARTICLES ABOUT THE POLITICAL SITUATION ON TAIWAN. AN ARTICLE FROM THE HONG KONG MONTHLY KUANGCHIAO CHING (1639/6037/6975) DISCUSSED THE POWER OF THE PRESIDENCY IN TAIWAN WHICH IS FOLLOWED BY A JANUARY 7 CNA REPORT OF CHIANG CHING-KUO'S NOMINATION FOR THE PRESIDENCY OF THE REPUBLIC OF CHINA. TERMINOLOGY SUCH AS "REPUBLIC OF CHINA" OR "COMMUNIST BANDITS" APPEARED UNALTERED.

6. COMMENT: IT IS NOT UNUSUAL FOR "REFERENCE NEWS" TO CARRY ARTICLES ABOUT TAIWAN BUT THE FIVE MONTH DELAY IN REPRINTING THE TIME MAGAZINE ARTICLE IS SURPRISING. ONE POSSIBILITY IS THAT OTHER ISSUES NOT AVAILABLE TO USLO REPRINTED ARTICLES WHICH PAINT A MORE GLOOMY PICTURE OF TAIWAN'S ECONOMY. ALTERNATIVELY, THE RECENT RE-EMPHASIS ON PRC UNITED FRONT WORK MIGHT ALSO BE ENCOURAGING THE FASTER FLOW OF INFORMATION ABOUT THE ISLAND.

7. COPIES POUCHED TO HONG KONG, TAIPEI, AND EA/ROC.  
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## Message Attributes

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